



TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 MARCH 2021

BUSINESS ENVIRONMENT

The Company continued to face an adverse trading environment during the quarter ended 31 March 2021, primarily attributable to the impact of the COVID-19 pandemic and the national lockdown measures instituted to contain the spread of the pandemic. As a result, this led to a decrease in activity across all sectors of the economy and depressed consumer spending.

The Company continues to proactively review its business model and related strategies to ensure the long-term growth and sustainability of the business.

BUSINESS PERFORMANCE

Notwithstanding these economic setbacks, the Company's total sales volumes for the period under review increased by 3% compared to the same period in prior year as consumers increased uptake in the Value for Money brands.

The Company's Premium brand, Dunhill increased volume by 91% as it returned to the market in the final month of the first quarter. The Aspirational brands, Dunhill Newbury and Dunhill Kingsgate volumes declined by 55% compared to same period in prior year mainly because of reduced consumer disposable incomes hit by the COVID-19 pandemic. On the other hand, consumer uptake in The Value for Money brands, Madison and Everest moved up by 10% relative to the same period in prior year. The Low Value for Money brand, Ascot, declined by 43%.

The Company's net turnover, in hyper-inflation accounting terms, increased by 75% (586% in historical cost terms) compared to the same period in prior year driven by price increases as well as revenue generated from the export of cut-rag tobacco.

OUTLOOK

The economic environment is expected to improve from the impact of the COVID-19 pandemic as the Government's drive for vaccinations and economic activity appears to be steadily returning to normal. Zimbabwe's reduced inflation rate since the month of February 2021 coupled with the continued access to foreign currency by companies from

the weekly Foreign Currency Auction are reflective of the improving macro-economic factors.

BAT remains confident that its brand portfolio and route to consumer/ market is sustainable to enable the business to deliver value growth to our shareholders.

By Order of Board

A handwritten signature in black ink, appearing to read 'Lovemore T. Manatsa', written in a cursive style.

Lovemore T. Manatsa
Chairman

11 May 2021